

**This paper was submitted on behalf of [Scottish Grantmakers](#) and [Scottish Funders' Forum](#) to the Scottish Government consultation on The Replacement of European Structural Funds In Scotland Post EU-Exit**

## **Background**

Structural funding aims to reduce economic inequalities between EU countries. For the budget period 2014 – 2020 Scotland's structural funding is worth up to 872 million euros<sup>1</sup>. When the UK leaves the European Union it will no longer be in receipt of structural funding which will have a significant impact on people who access services, community groups, voluntary organisations and local authorities.

In the 2017 Conservative manifesto the party announced its plans for a UK Shared Prosperity Fund (UKSPF) to be developed in place of EU structural funding, and in July 2018 the UK Government shared high level details on UKSPF these included:

- Alignment with the UK industrial strategy. The UKSPF will combat inequality in communities through increased productivity.
- UKSPF should be simplified and integrated, learning from the challenges current EU funding presents, replacement funding would aim to have accessible processes and administration to ensure investment is made based on evidence and local need.
- UKSPF will respect devolution settlements to ensure the delivery of the fund aligns with different priorities across the UK.

The UK Government is yet to consult on the development and delivery of UKSPF. In 2018 The Scottish Parliament collated evidence from stakeholders and made recommendations to the UK Government.<sup>2</sup> To further support these developments the Scottish Government is consulting on how a replacement funding programme can be designed to best meet the needs of communities and businesses in Scotland.

## **Recommendations from Scottish Funders' Forum and Scottish Grantmakers**

Members of the Scottish Funders' Forum and Scottish Grantmakers contributed to a discussion on replacement EU funding making several recommendations to inform future conversations concerning the development of UKSPF.

Primarily the networks would like to emphasise the need to protect and enable the voluntary sector, whilst also drawing on the good practices developed by funders in Scotland.

- **Impact of changes to European Structural funding:** The loss of structural funds poses a significant risk to voluntary sector organisations, community groups and the people they support. The voluntary sector in Scotland should be protected, enabled

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<sup>1</sup> <https://sp-bpr-en-prod-cdnep.azureedge.net/published/2019/4/10/EU-Structural-Funds-in-Scotland/SB%2019-19.pdf>

<sup>2</sup> [https://www.parliament.scot/S5\\_EconomyJobsFairWork/Inquiries/Letter\\_to\\_Lord\\_Henley\\_and\\_Final\\_ESIF\\_findings.pdf](https://www.parliament.scot/S5_EconomyJobsFairWork/Inquiries/Letter_to_Lord_Henley_and_Final_ESIF_findings.pdf)

and included throughout the development and implementation of any replacement funding.

- **Carefully managed transition arrangements.** The impact of a funding gap on the voluntary sector would be significant, as such attention needs to be given to the transition arrangements between current European Structural Funds and UKSPF.

The UK and Scottish Government should also be mindful that a shift in focus could mean that those in receipt of current structural funding could lose out if thematic or geographic areas change through the development of UKSPF. Any gaps in funding will need to be carefully managed.

### **Opportunity for change**

Scottish Grantmakers and Scottish Funders' Forum recognise that this is an opportunity to develop a new funding model that enhances the positive work of communities across Scotland.

- **Learn from funders' practice:** Funding practice in Scotland has evolved to be more collaborative through sharing of insights, influence and partnership working to maximise the positive difference made.

Funder relationships with the voluntary sector and communities also ensures there is strong understanding of both the opportunities and challenges facing the sector. This includes discussions on harmonising reporting, development of place-based approaches and working to shift the power between grant recipient and funder.

Scottish Funders' Forum and Scottish Grantmakers would welcome opportunities to draw on this good practice to inform the development of replacement funding in Scotland.

- **End bureaucracy:** The current model of EU structural funding is bureaucratic and labour intensive. The development of new funding is an opportunity to develop a funding model that is balanced between administration and management whilst being proportionate in its monitoring and evaluation. The fund should also be understanding of voluntary sector needs and as such should be long term and be paid in advance.

A holistic approach to delivering the fund will be important to mitigate silos between business, infrastructure and social developments such as anti-poverty initiatives. Joseph Rowntree Foundation<sup>3</sup> highlight the opportunity for funding streams to be co-ordinated and complementary, for instance investments in economic developments in a local area matched with skills development programmes.

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<sup>3</sup> <https://www.jrf.org.uk/file/51693/download?token=0q4ggftJ&filetype=summary>

- **Place-based working.** Scottish Funders' Forum and Scottish Grantmakers agree with calls for a replacement fund to be flexible to respond to local priorities and would welcome further detail to build on the UK government's update<sup>4</sup> on UKSPF that referenced the value of funding aligning with local priorities.

A place-based approach to funding would help eradicate some of the siloes that exist in current programmes and ensure investment is made in response to local need. Consideration should be given to how this is managed in practice and ensuring there is ease of access to funding for voluntary sector organisations and meaningful involvement of local people in determining priorities, issues and designing solutions.

### **Policy alignment**

- Funders reflected on the importance of retaining an outward looking focus in the development of a new fund. A strength of the current model of EU structural funding is the opportunity to share learning and good practice internationally. Replacement funding should maintain opportunities for Scotland and the UK to share insights and evidence of good practice with Europe, particularly as the different regions all work towards achieving the Sustainable Development Goals. The funders are supportive of SCVOs commitment to maintain and develop relationships between Scotland's voluntary sector and the EU.
- There is value in aligning replacement funding to the National Performance Framework in Scotland as this supports the direction of travel for other activities and community priorities. However, we should be mindful of developing funding streams in line with policy priorities as these are likely to change as governments change.
- Where there is alignment, independent funders can be a major source of complimentary funding and as such further discussions on policy alignment would be welcome.
- The current structural funds are out with UK and Scotland's political cycles which is something that would be beneficial to maintain as it allows the timings and delivery of the funding to be consistent.

### **Conclusions**

Scottish Funders' Forum and Scottish Grantmakers would welcome discussions with Scottish Government on the development of replacement funding and sharing of good funding practice that will strengthen and support Scotland's voluntary sector and communities.

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<sup>4</sup> (page 7) <https://sp-bpr-en-prod-cdnep.azureedge.net/published/2019/4/10/EU-Structural-Funds-in-Scotland/SB%2019-19.pdf>